

Service Date: February 28, 2014

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application of) REGULATORY DIVISION
NorthWestern Energy for Hydro Assets)
Purchase) DOCKET NO. D2013.12.85

NOTICE OF STAFF ACTION

On December 20, 2013, NorthWestern Corporation, doing business as NorthWestern Energy (NorthWestern), filed its *Application for Hydro Assets Purchase* (Application) with the Montana Public Service Commission (Commission).

On January 2, 2014, the Commission issued Data Request PSC-047, which asked NorthWestern to provide PowerSimm model results for eight additional portfolios. On January 24, 2014, Evergreen Economics, a consultant hired by the Commission,¹ provided a *Memorandum* in which it concluded, in part, that NorthWestern should “either conduct analysis in PowerSimm on a small number of additional alternative portfolios or describe in detail why considering such additional portfolios would not be competitive against the hydro portfolio and, therefore, need not be considered.” Evergreen Memo. p. 11.

On January 29, 2014, NorthWestern filed a *Motion for Leave to Respond to Evergreen Economics' Memorandum* (Motion), in which it indicated:

For MPSC Data Request No. PSC-047, we agreed to limit and provide PowerSimm modeling results for only portfolio numbers 3, 7 and 8, as modified below:

3. Current + 1 GE LMS 100 SCCT in 2018
7. Current + 1 GE LMS 100 SCCT in 2025+ 100 MW wind in 2025
8. Current + 1 GE 7FA.04 ACC in 2025 + 100 MW wind in 2025

Per our discussion, the three additional portfolios will be run in stochastic modes and will be based on the same set of carbon assumptions used in the 2013 Plan. This consistency will allow results of the additional modeling to be compared with the earlier modeling results as included in both the 2103 Plan and the Hydros application.

¹ The Commission may engage independent consultants “to evaluate . . . proposed electricity supply resources.” Mont. Code Ann. § 69-8-421(10).

Finally, NorthWestern has already started working on these additional portfolio runs, which we currently expect to be completed as soon as possible and provided no later than February 14, 2014.

NorthWestern Response & Supp. Info p. 7 (Jan. 29, 2014) (attached to Motion); *see also* Reg. Memo. p. 4 (Jan. 31, 2014) (also describing the three portfolios).

“Within 45 days of the public utility's submission of an application for approval, the [C]ommission shall determine whether or not the application is adequate and in compliance with [its] minimum filing requirements.” Mont. Code Ann. § 69-8-421(2) (2013).

On February 3, 2014, the Commission determined that NorthWestern’s Application was not adequate because it did not include the three portfolios described above, but that upon receipt of the additional models (assuming they are comparable to earlier modeling results and acceptable to staff), the Application will be adequate. It also granted NorthWestern’s *Motion for Leave to Respond to Evergreen Economics' Memorandum*.

On February 14, 2014, NorthWestern filed: (1) Supplemental testimony of John D. Hines and Joseph M. Stimatz; (2) a Supplement to its 2013 Electricity Supply Resource Procurement Plan as Application Exhibit_(APP-4); and (3) an updated response to Data Request PSC-047. The supplemental information contains PowerSimm modeling results for the three portfolios described above.

Commission staff reviewed NorthWestern’s supplemental information and found it comparable to earlier modeling results and acceptable to staff. As a result, NorthWestern’s Application was adequate upon receipt of the additional models on February 14, 2014.

BY THE MONTANA PUBLIC SERVICE COMMISSION

W. A. (BILL) GALLAGHER, Chairman
BOB LAKE, Vice Chairman
KIRK BUSHMAN, Commissioner
TRAVIS KAVULLA, Commissioner
ROGER KOOPMAN, Commissioner